

Message Text

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15

ACTION NEA-12

INFO OCT-01 ADP-00 AGR-20 AID-20 IGA-02 EB-11 TRSE-00

OMB-01 CIAE-00 INR-10 NSAE-00 RSC-01 L-03 SS-15 NSC-10

CU-04 H-03 ABF-01 RSR-01 /115 W

----- 121775

R 171548Z AUG 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6228

C O N F I D E N T I A L NEW DELHI 9587

E.O. 11652: GDS

TAGS: EFIN, IN

SUBJ: RUPEE NEGOTIATIONS: TEXT OF LETTER ON NEPAL

1. TEXT OF AUGUST 6 LETTER SENT TO M. G. KAUL, SECRETARY
OF FINANCE, FOLLOWS:

"DEAR MR. SECRETARY:

"DURING OUR MEETING ON JULY 26, 1973, YOU SAID THAT A
MEMORANDUM ON THE NEPAL PROGRAM WOULD BE HELPFUL.

"OUR TWO GOVERNMENTS LAST DISCUSSED THE USE OF US-OWNED
RUPEES IN SUPPORT OF THE US AID PROGRAM IN NEPAL IN
NOVEMBER OF 1971 DURING THE VISIT OF MRS. GANDHI TO THE
UNITED STATES. AT THAT TIME THE SUBJECT CAME UP IN THE
CONTEXT OF AN OVERALL SETTLEMENT OF THE RUPEE QUESTION.

"DURING THIS DISCUSSION THE THEN FOREIGN SECRETARY, MRS.
T.N. KAUL, SAID THAT THE GOVERNMENT OF INDIA HAD AGREED TO
FINANCE US USE OF RUPEES FOR NEPALESE AID THROUGH JUNE
OF 1972 (I.E., FOR ONE ADDITIONAL YEAR). IN REGARD TO
FURTHER SUCH FINANCING, MR. KAUL SAID THIS WOULD DEPEND
UPON AN OVERALL SETTLEMENT OF THE RUPEE QUESTION. THE THEN
AMBASSADOR TO THE UNITED STATES, L.K. JHA, SAID THAT THE
GOVERNMENT OF INDIA WAS NOT PREPARED TO CONTINUE AD HOC
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FINANCING OF THE US AID PROGRAM IN NEPAL BEYOND JUNE OF

1972. FOR THE FUTURE, AMBASSADOR JHA SAID IF THE TWO GOVERNMENTS COULD AGREE TO A FINAL SOLUTION OF THE RUPEE QUESTION, INDIA MIGHT AGREE TO FURTHER FINANCING.

"ACCORDINGLY, THE GOVERNMENT OF THE UNITED STATES PROPOSES THAT AS A PART OF AN OVERALL RUPEE SETTLEMENT THE GOVERNMENT OF INDIA AGREE TO CONTINUE USE OF US-OWNED RUPEES IN SUPPORT OF THE US AID PROGRAM IN NEPAL. THIS AGREEMENT WOULD BE VALID UNTIL US-OWNED RUPEES ARE EXHAUSTED.

"IN THE MATERIAL GIVEN TO MR. KRISHNASWAMI ON JULY 27 THERE IS ALSO A PROPOSAL FOR A RUPEE ENDOWMENT FOR THE PURPOSE OF FINANCING THE EDUCATION OF NEPALESE STUDENTS IN INDIA. THE RUPEES FOR ANY SUCH ENDOWMENT WOULD OF COURSE COME FROM FUNDS OTHER THAN THOSE RESERVED FOR US USES.

"WE BELIEVE THAT AGREEMENT BY THE GOVERNMENT OF INDIA TO THESE PROPOSALS CONCERNING NEPAL WOULD HELP GAIN CONGRESSIONAL SUPPORT FOR AN OVERALL AGREEMENT ON RUPEES BETWEEN THE UNITED STATES AND INDIA. AS YOU ARE AWARE, MANY MEMBERS OF THE US CONGRESS HAD GRAVE RESERVATIONS ABOUT ANY SORT OF RUPEE "WRITEOFF" FOR INDIA'S BENEFIT. WE BELIEVE IT IS IMPORTANT THAT WE BE ABLE TO DEMONSTRATE THAT OUR OVERALL AGREEMENT BRINGS BENEFITS TO BOTH COUNTRIES. AS A NUMBER OF MEMBERS OF THE US CONGRESS HAVE EXPRESSED AN INTEREST IN REVIVING THE USE OF US-OWNED RUPEES FOR OUR PROGRAMS IN NEPAL, THE PROPOSALS SET FORTH IN THIS LETTER WILL BE IMPORTANT TO OUR ACHIEVING FINAL AGREEMENT.

"SINCERELY,

"DANIEL P. MOYNIHAN".
MOYNIHAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOCAL CURRENCIES, FOREIGN ASSISTANCE, NEGOTIATIONS, RUPEE
Control Number: n/a
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Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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